☐ UNCLASSIFIED ☐ INTERNAL USE ONLY ☐ CONFIDENTIAL ☒ SECRET

ROUTING AND RECORD SHEET

OGC Has Reviewed

SUBJECT: (Optional)

Support Directorate Seminar (Problem Solving) #6

DD/S REGISTRY FILE Training 3-2

FROM: [redacted]

1236 Ames Center Bldg.

25X1

EXTENSION: [redacted]

NO.

DATE: 29 SEP 1970

25X1

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. [redacted]	1 Oct.	1 Oct.	P.	
2.		10/1		
3. Mr. Coffey		20 OCT 1970		
4. Mr. Bannerman — NOT READ				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				

25X1

Dear Jack,

Per our conversation. I am sending you the Report of the Support Directorate Seminar (Problem Solving) #6. The consensus of the Group was that Mr. Bannerman should have the opportunity to review the report prior to any briefings that he may desire.

The Group can be assembled at the call of the DD/S. Since I will be out of town through 20 October, I would suggest that [redacted] be the contact if the briefing is held prior to that date.

25X1

[redacted]

25X1

I've made copies for Office Heads and Staff Chiefs, will hold distribution until the briefing which I will arrange when you are ready. JPP.

3-4 additional info on one recommendation is attached.

FORM 3-62 610 USE PREVIOUS EDITIONS ☒ SECRET ☐ CONFIDENTIAL ☐ INTERNAL USE ONLY ☐ UNCLASSIFIED

SECRET

29 SEP 1970

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Support Directorate Seminar (Problem Solving) #6

Subject Group met during the period 20 - 25 September 1970 at [redacted] consider the following: 25X1

STATEMENT OF PROBLEM

What can be done to increase attractiveness of the several retirement systems? Has CIARDS implementation and operation met its objectives? Is dramatic reduction in life insurance coverage under Agency-sponsored programs upon retirement a deterrent to an employee who might otherwise opt for early retirement? If so, what can be done to minimize the situation? Members of the Seminar Group were:

25X1

[redacted]

Medical Services
Logistics
Security
Finance
Communications
Support
Training

Pre-seminar briefings were given by representatives of the Office of Personnel. These briefings included a review of the pending Agency proposals for legislation to improve CIARDS, statistics relative to the Agency's experience with retirements under both CIARDS and Civil Service, and retirement projections for the next decade under the retirement systems as they now exist.

After the briefings and a review of the material made available by the Office of Personnel, the Group arrived at the following objective for its deliberations:

OBJECTIVE: To increase the attractiveness of the two retirement systems in order to increase significantly the number of employees who will elect to retire earlier than the mandatory retirement age.

In attempting to meet this objective numerous proposals were discussed. The following ideas are believed to have the most merit:

SECRET

SUBJECT: Support Directorate Seminar (Problem Solving) #6

1. Civil Service Retirement After 30 Years

The Seminar Group feels that Civil Service (CS) retirement should provide for voluntary retirement after 30 years of service without regard to age. As it now stands, eligibility is keyed to age 55. An employee with 31 years of service at age 51 will not be eligible for voluntary retirement for 4 more years. Earlier eligibility is, of course, recognized under discontinued service annuity so long as the Agency is in a surplus condition; however, this cannot be conceived as a permanent condition or solution. And, even then, the employee must still take a 2 percent reduction in his annuity for each year of age under 55.

The Seminar Group feels that more employees would elect to retire before age 55 if this change is made. We realize that legislation will be required but since the concept has already been proposed by members of Congress passage may be possible if actively supported. Consistent with this idea, the Group noted that the Macomber report endorses voluntary retirement of Foreign Service Officers after only 20 years of service.

RECOMMENDATION: That the Agency initiate and/or support efforts to obtain legislation authorizing voluntary retirement with full benefits for Civil Service employees upon completion of 30 years of service, without regard to age.

2. Provide a Monetary Incentive for Voluntary Retirement

The Group recognizes that the only truly effective method of inducing employees to elect early voluntary retirement is to provide an incentive that accrues when, and only if, such an election is made. If the employee chooses not to elect early retirement, then the incentive would be permanently lost. Benefits provided to all employees increases the attractiveness of retirement but they do not provide an inducement or incentive to retire early.

The appropriateness of this proposal stems from the fact that employees electing to retire early are imposing an extra financial loss upon themselves. To partially offset this loss, a financial payment in the form of a lump sum should be authorized for those who retire within 6 months of becoming eligible under either Civil Service or CIARDS.

SUBJECT: Support Directorate Seminar (Problem Solving) #6

To help the early retiree meet his financial obligations over a critical period of his life we are, in effect, proposing to reimburse him for his actual loss in annuity payments occasioned by early retirement. No provisions are made for losses incurred after age 60 on the assumption that financial considerations are generally less critical then. Under this proposal the lump sum payment would be computed as follows: it would equal the monthly payment of annuity he would receive at age 60, less the amount he would receive when first eligible, multiplied by the number of months intervening between date of eligibility and age 60, but not to exceed 45 percent of the salary at time of eligibility. In computing this lump sum payment, the final salary, rather than the high three average, is used. For example, a grade GS-14 employee earning $20,953 (rounded to $21,000) aged 55 with 30 years service would be paid a lump sum amounting to $9,480.

This monetary incentive is envisioned as a management tool. The highly competent employee who is aware that he has future growth potential with the Agency will probably not elect to retire early, regardless of the existence of a monetary incentive. On the other hand, the employee who is counseled that his future growth is limited, or simply unlikely, probably will be motivated by the monetary incentive to elect early retirement. And, this election will make headroom for younger and more vigorous employees in the Agency to move upwards and, most significantly, to get the proper developmental assignments at the most appropriate time.

RECOMMENDATION: That an Agency employee be granted a lump sum monetary incentive, based on the above formula, if he elects to retire within 6 months of the date he normally becomes eligible for voluntary retirement, either under Civil Service or under CIARDS.

3. "Qualifying Service" for CIARDS

This Group believes that many more Agency employees are entitled to participate in CIARDS than are qualified for admittance under present criteria. There are numerous employees who have agreed to serve overseas as required, but simply have not been selected for such assignments. Many of these have served one tour overseas, while others have undertaken extensive TDY travel in all areas. A great number of those who have completed a single tour plus TDY travel overseas will not be afforded the opportunity to acquire 60 months overseas, especially with the current tendency toward reducing the official

U. S. presence abroad. It is recognized that annuities granted under CIARDS are superior to those available under Civil Service. It could be expected, therefore, that in some cases the higher annuity granted under CIARDS would be sufficient to induce an employee to exercise his option for early retirement.

RECOMMENDATION: The 60 months qualifying service necessary to be included in the CIARDS be liberally and consistently interpreted.

4. Educational Aid Fund

One of the principal financial concerns of an employee at the voluntary retirement age is the higher education of his children. If the EAF could be substantially augmented, through Agency subsidization if necessary, and its benefits made fully available to the dependents of all prospective annuitants, this would remove, partially or fully, one of the major deterrents to voluntary retirement.

RECOMMENDATION: That the Agency direct efforts to augment the Educational Aid Fund and insure that its benefits are made known to all potential retirees.

5. Life Insurance Coverage

The problem, as presented to the Group, addressed itself to the possibility that "the dramatic reduction in life insurance coverage under Agency-sponsored programs upon retirement is a deterrent to an employee who might otherwise opt for early retirement." This Group could find no statistical evidence that such is the case. There is, however, limited first-hand information that a few recent retirees had expressed a strong desire to continue their present coverage. The Group feels that the opportunity for an employee to retain full coverage under UBLIC to age 60 would increase the attractiveness of early retirement.

RECOMMENDATION: That the coverage now afforded by UBLIC be extended to provide the early retiree with the option of continuing the same coverage, without reduction, at the same premium payment in effect at the time of retirement. This option should provide for full coverage until age 60. The coverage without premium payment already provided for after age 60 should be continued.

The Agency should initiate action with WAEPA to attempt to extend to WAEPA insured employees the above described coverage recommended for employees insured under UBLIC.

SUBJECT: Support Directorate Seminar (Problem Solving) #6

6. Agency Alumni Organization

It is known that there are many employees who are eligible for early retirement but who hesitate to exercise their option because of a fear of loss of association with the Agency. The Group feels that the creation of an active alumni organization would prove to be an asset to the individual retiree, as well as to the Agency. The main purpose would be to enable the retiree to retain an affiliation with the Agency; at the same time, the Agency would gain a reservoir of available expertise that could be drawn on when needed. Periodic briefings could be provided for interested alumni, making them feel as though they were still a "part of the action," thus bridging the gap between active Agency employment and retired status.

RECOMMENDATION: That an Alumni Organization as described above be established.

7. Numerical Ceiling Under CIARDS

This Group is convinced of the urgency to amend the CIA Retirement Act of 1964 and repeal the present limitation of 400 retirements during the period 1 July 1969 to 30 June 1974. The approval and implementation of proposals 2. and 3. recommended above should result in a significant increase in the number of retirees and, therefore, it is mandatory that this present ceiling limitation be removed.

RECOMMENDATION: That the Agency sponsor legislation to eliminate the current ceiling under the CIA Retirement Act.

According to Bernice L. Neugarten, Ph.D., a prominent sociologist, "The latest national survey indicates that a surprisingly large proportion of workers in all industries are choosing to retire earlier and earlier, with the main, if not the single determining factor being level of income. That is, as soon as a man establishes enough retirement income he chooses to stop working." The Group's recommendations are in consonance with these findings.

The Office of Medical Services representative on the Seminar Group has developed a paper on the subject of early retirement which is being submitted separately.

(NOW ATTACHED)
RHW 10/2/70

25X1

For the Members of SDS #6

In the pre-seminar briefings the Problem Solving Group was encouraged to examine all aspects of the assigned problem even to the point of questioning the legitimacy of the problem itself. Early in the seminar some serious questions did arise as to the validity of the concept that a successful early retirement program would work for the overall good of the Agency. In order to understand better the origins of this concept, the group reviewed the material available to us on the development of the Agency's retirement policy.

A report by the Cabinet Committee to the President in November 1965 stated that retirement should contribute to the improvement of staff by removing in an "orderly and humane fashion the superannuated, the incapacitated and those who for other reasons have become unable after years of service to do the current job".

The Agency in its statement of policy, dated 30 April 1968, indicated that this basic plan was inadequate for its peculiar needs by advocating a program of "early retirement with a stipulated age at which most employees should leave."

The rationale for this policy was explained in a separate document. This paper first called attention to the high standards of selection and the effectiveness of the Agency's development program and evaluation systems, which ensures that "those who are unsatisfactory are separated and those who are marginal or unlikely to find full career satisfaction are counseled to resign". It then went on to say that the attrition provided by this means, plus voluntary retirement, resignations, death and disability does not create a sufficient number of vacancies to allow for new employees and the operation of the Career Development Program. In brief, some of those carefully selected individuals (with the "highest potential for development" with a "career long blend of formal training and managed progression through appropriate assignments of increasing breadth and responsibility" who remain after the "unsatisfactory" have been "separated" and the "marginal have been counseled to resign") must go. Presumably they must go to make room for more persons with the "highest qualifications and potential for development", etc.

In the absence of other distinguishing features those selected to go will be chosen on the basis of age and experience. This choice is justified with the statements: "Agency employees, with some exceptions, have all reached their career peaks before reaching age 60. They. . . . have made their maximum individual contribution to the Government." There are other similar statements, such as, "Advancing years inevitably bring about a lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effects on the tenor of the Agency."

In its deliberations the panel examined these allegations in some detail. In the literature available to the panel no reference was made to the body of scientific data upon which these conclusions were based. It was the impression of one member of the panel, who claimed some expertise, that the most reliable studies, addressed to the subject of ageing and performance, have implications which would open to question most of the statements made in the "rationale" regarding the intellectual, physiological and emotional concomitants of ageing during the [illegible]

The medical member of the Panel entertained serious reservations as to the benefits of successful promotion of early retirement. Even partial success, it is felt, bears the potential of depriving the Agency of experienced and mature individuals whose loss will be reflected in the diminution of the overall professionalism of the organization.

The cause of the "youthful organization" is sure to be a popular one. It strikes that romantic succeptibility which always provides a large body of support for the gifted amateur pitted against the experienced pro - and has the same tendency to blind us to the realities.

The military has been forced by the nature of its mission to maintain a high proportion of young people. Thus we are provided with an historical example of a perpetually youthful organization. Though it would be absurd to compare the organizations in detail, there are lessons to be learned from this model. Not the least of these is that the abundance of youth as such by no means guarantees the vitality and flexibility of an organization.

In actual practice Agency management has made judicious use of the exceptions provided in the regulations and thereby protected the Agency against the loss of valuable personnel through this channel. But this very recognition of exceptions describes the basic policy as discriminatory. The acknowledgement of exceptions is tacit confirmation that there is nothing intrinsically disqualifying about the encroachment of age. Social implications aside, a discriminatory policy is rarely an asset to management.

The purpose of this annex is to encourage a re-examination of the theoretical foundations (as defined in the "Rationale) upon which our early retirement policy rests. General acceptance of these premises as articles of faith could, it is felt, convert what is now a useful tool of management into a weapon of self destruction.

25X1

Approved For Release 2003/06/05 : CIA-RDP84-00780R003700110025-5

19 October 1970

25X1 NOTE FOR: Mr. [redacted]

25X1 Dr. [redacted] separate paper on early retirement is attached.

Re your question about government contribution and tax deductible character
25X1 of EAF contributions, [redacted] discussed with [redacted] and reported 25X1
following:

- Individual contribution remains tax exempt so long as fund is.
- Since recipients are solely CIA, OGC has some concern about Agency funds being given to it.
- OGC questions the authority for Agency contribution.

Re above, OGC is talking about <u>all</u> funds. I make a distinction between appropriated and non-appropriated. Specifically, the Central Employee Activity
25X1 Fund [redacted] might be a source of funds for this purpose should you wish to pursue the recommendation. (OGC did not specifically address itself to the use of these funds.)

[redacted] 25X1

Att.

	UNCLASSIFIED		CONFIDENTIAL		SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	OGC		
2			
3	O-DDS -		
4			
5			
6			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

Remarks:

Would you please give me informal reading on para. 4 recommendation, per Mr. Coffey's note.

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE
P	7 Oct

	UNCLASSIFIED		CONFIDENTIAL		SECRET

STAT

 STAT

Pls ask [redacted]
to check OGC on
whether para 4
recommendation if
approved would violate
tax deductible character
of EAF contribution

6 OCT 1970